

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 254 - SB 207**

February 2, 2023

**SUMMARY OF BILL:** Increases the property value threshold for determining the extent of any property relief payments to low-income elderly taxpayers from \$27,000 of the full market value of the property to \$50,000 of the full market value of the property.

**FISCAL IMPACT:**

**Increase State Expenditures – \$7,720,000/FY24-25 and Subsequent Years**

**Other Fiscal Impact – The extent of any permissive increase on local government expenditures cannot reasonably be determined.**

Assumptions:

- Pursuant to Tenn. Code Ann. § 67-5-702:
  - There shall be paid from the state's General Fund to low-income taxpayers aged 65 or older the amount necessary to pay or reimburse such taxpayers for all or part of the local property taxes paid for a given year on a property that the taxpayer owned and used as their residence; and
  - The value limit on which reimbursement shall be paid shall be increased annually, by no less than zero percent and no more than three percent, to reflect inflation.
- The proposed legislation increases the value limit for upon which property tax relief is calculated beginning in tax year 2024.
- Given that property tax notices will be sent to taxpayers in late 2024 and paid by February 2025, the first fiscal year impact will be FY24-25.
- Based on information provided by the Comptroller of the Treasury (COT):
  - The value limit for FY24-25 is projected to be \$31,700;
  - The recent growth rate in property tax relief payments to low-income elderly homeowners is a negative three percent (-3%);
  - The amount of property tax relief for low-income elderly homeowners at the \$31,700 projected property value limit would be \$13,372,975 in FY24-25;
  - The amount of property tax relief for low-income elderly homeowners at the \$50,000 assessed property value limit would be \$21,093,020 in FY24-25; and
  - The increase to state expenditures is estimated to be \$7,720,045 (\$21,093,020 - \$13,372,975) in FY24-25 and subsequent years.

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- Certain local governments have adopted various forms of local supplemental tax relief programs.
- An increase to the value limit for low-income elderly taxpayers could also result in an increase in local government expenditures for these programs; however, the timing and extent of any permissive increase in expenditures will vary based on the approach and criteria for such programs.
- Any permissive increase in local expenditures cannot reasonably be determined.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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